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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

International assistance to and cooperation with the Alliance for the Sustainable Development of Central America

Report of the Secretary-General

I. Introduction

1. The present report is being submitted pursuant to General Assembly resolutions 49/21 I of 20 December 1994, 50/58 B of 12 December 1995 and 52/169 G of 16 December 1997. It describes the international cooperation activities of the United Nations Development Programme (UNDP) and other organs, organizations and programmes of the United Nations, carried out during the period from July 1997 to July 1999, in support of the efforts of the Central American countries to implement a new sustainable development programme in the region.

2. The General Assembly, in resolution 49/21 I, emphasized the need to design a new programme of international cooperation and assistance for Central America, based on the priorities laid down in the Declaration of Commitments adopted by the Follow-up Committee of the International Conference on Central American Refugees and in the Alliance for the Sustainable Development of Central America (ALIDES). The Assembly supported the efforts of the Central American Governments in their commitments to the alleviation of extreme poverty and the fostering of sustainable human development, and urged them to intensify their efforts to implement policies and programmes in those areas. It stressed the need for the international community to continue its support for those efforts and requested the Secretary-General, the United Nations system and, in particular, UNDP, to continue their efforts to mobilize resources in order to put into effect the new strategy for integral development in Central America; and urged all States, intergovernmental organizations, international financial institutions, the organs and specialized agencies of the United Nations system and regional and subregional organizations to continue the necessary support for the implementation of the goals and objectives of the new strategy for integral development in Central America.

3. In resolution 50/58 B, the General Assembly emphasized the importance of supporting and strengthening the new programme for international cooperation and assistance for Central America and reiterated that only by solving the political, economic, social and environmental problems that were the cause of tensions and conflicts in society would it be possible to avoid a reversal of the achievements and guarantee a firm and lasting peace in Central America.

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4. In resolution 52/169 G, the Assembly noted with satisfaction the signing by the Central American Governments of regional conventions on biodiversity, climate change and forests and recognized the importance of the support provided by the Global Environment Facility (GEF) for the implementation of the commitments undertaken by the Central American countries in international conventions on the environment. It again stressed the need for the international community to maintain its cooperation with the Central American countries in support of regional efforts to overcome the underlying causes of conflict and to continue strengthening the process aimed at consolidating a firm and lasting peace.

5. During an emergency summit meeting held in El Salvador on 9 November 1998, the Central American Presidents recognized the pernicious human, social, environmental and economic effects of hurricane Mitch, the worst natural disaster to strike the region in over a century. The Presidents called upon the international community to support the efforts of the region to preserve the achievements made before the hurricane and to accelerate social and economic development. At the second Consultative Group Meeting for the Reconstruction and Transformation of Central America, co-hosted by the Inter-American Development Bank and the Government of Sweden and held in Stockholm, from 25 to 28 May 1999, the Governments of the region, the principal donors and civil society representatives renewed their commitment to democratic change and sustainable human development as the best means of reducing social and ecological vulnerability to future disasters. A declaration released by the participants at the end of the meeting recognized the achievements made by Central America during the last decade and made reference to the particular importance of transparency, participation and decentralization as key themes to continued transformation in the region.

6. The Stockholm Declaration expresses the shared commitments of participants in the second Consultative Group Meeting: reduction of the social and ecological vulnerability of the peoples of the region, as the principal objective; the reconstruction and transformation of Central America, on the basis of an integrated focus on transparency and governability; consolidation of democracy and good governance, reinforcing the process of decentralization with the active participation of civil society; promotion of human rights as a permanent objective, with special attention to gender equality and the rights of children and of ethnic groups; coordination of donor activities; and renewal of efforts to reduce the external debt of countries in the region.

7. The present report will make reference to the efforts being made over the past 10 months by the Central American Governments and people to recover from the devastation of hurricane Mitch and to utilize the reconstruction process as an opportunity to renew attention to the achievement of objectives of ALIDES and to galvanize further support for national efforts to make the region a zone of peace, freedom, democracy and development.

II. The macroeconomic framework

8. According to the Economic Commission for Latin America and the Caribbean (ECLAC) in 1998, the gross national product (GNP) for the Central American region grew by 4.4 per cent, compared with 4.3 per cent in 1997. Influencing this slight improvement was the growth of external demand, capital inflows from the exterior and a sustained effort to increase capital investment.

9. Nevertheless, this growth was less than that predicted at the beginning of 1998, owing to the adverse climatic conditions that reigned in the region in 1998 and especially to the production losses caused by hurricane Mitch. The disaster provoked a 2.4 per cent decrease in annual GNP in Honduras and a 1.8 per cent decrease in Nicaragua, as a result of economic losses in the final half of the year. Those losses were only partially offset by greater than expected growth in Costa Rica.

10. In general, before hurricane Mitch, the level of economic growth in the region was growing, thanks to the above-mentioned external and internal factors. The principal impact of the hurricane was felt in regional agricultural production, which contracted by 2 per cent in Honduras and its annual rate of growth in Nicaragua dropped from 8.9 per cent in 1997 to 3.4 per cent in 1998.

11. Regional exports, in particular, non-traditional products, continued to increase (at a rate of 11.7 per cent, compared to 17.7 per cent the previous year). Traditional exports were affected by the reduction in international coffee prices and by climatic damages. Exports in the industrial assembly sector continued to grow vigorously which, in turn, helped to increase employment in the region. Family remittances from the exterior also grew (especially those from Central Americans living in the United States of America).

12. Imports grew by 17.1 per cent, compared to almost 20 per cent in 1997, in the light of greater economic activity and advances in trade liberalization, which accelerated the reduction of tariff imbalances. The growth in imports was

partly mitigated by a decrease in petroleum costs, motivated by the fall in the international price of petroleum. Nevertheless, the current account deficit was US$ 2.416 billion, 35 per cent greater than in the previous year. Abundant capital inflows from the exterior permitted both the financing of the deficit and an increase in international reserves.

13. External capital inflows reached US$ 2.108 billion, 7.3 per cent higher than in 1997. In particular, income from direct foreign investment increased by 165 per cent, much of which was related to the purchase of privatized state enterprises in the electricity and telecommunications sectors in El Salvador and Guatemala.

14. The formation of capital at the regional level maintained the same growth pattern (11 per cent in 1998, compared to 10 per cent in 1997), mainly owing to private investment, but also because of an increase in public investment in productive and social infrastructure, principally in El Salvador and Guatemala.. Investment in Guatemala grew by 13 per cent, in part as a result of increased public spending directed towards fulfilling the commitments of the Peace Agreements. In Costa Rica, the same rapid growth rate continued in 1998 (16 per cent) and in El Salvador it accelerated slightly (to 7.6 per cent). Meanwhile, investment fell in Honduras (to 8.5 per cent) and in Nicaragua (to 4.3 per cent), owing to the disaster at the end of 1998.

15. The region observed a significant setback with respect to inflation that was evident particularly in El Salvador, Honduras and Nicaragua, owing mainly to internal factors, including the adverse climatic conditions that held throughout the year. Those factors were partly offset by favourable import prices, and the reduction in petroleum prices benefited all of the economies of the region.

16. With respect to public finance, on average, the region maintained the advances achieved the previous year in eliminating fiscal imbalances, despite the impact from public spending on initial actions to mitigate the effects of hurricane Mitch. During 1998, the objective of reducing the fiscal deficit predominated, through increases in tax remittances and spending controls. The Government of Costa Rica achieved a deficit reduction from 3.9 per cent to 2.9 per cent. In Nicaragua, the fiscal deficit fell from 5.8 per cent to 3.8 per cent. Finally, deficits increased slightly in El Salvador and Guatemala (1.6 per cent and 1.4 per cent, respectively) and by 3.5 per cent in Honduras.

III. Cooperation activities

17. In response to a request submitted to the General Assembly by the Central American Governments, in 1996, UNDP launched a new programme of subregional cooperation in Central America, following appropriate consultations with Governments, organizations of Central American civil society and cooperation agencies, and taking into account the priorities and undertakings established by the Presidents of Central America at their summit meetings.

18. The subregional programme concentrated on three main areas of action, namely: peace and democratic governance; economic and social development; and sustainable development of the environment. The programme was initiated with seed resources from UNDP, which were later supplemented by generous donations from the Governments of Denmark, Italy, Japan, the Netherlands, Norway, Spain and Sweden.

19. In the light of the impact of hurricane Mitch on the region, UNDP is reviewing means of strengthening these programmes, in cooperation with its national and regional counterparts and with its United Nations and donor partners. In particular, it will work closely to assist the Central America Integration System (SICA) and its counterparts in civil society to prepare for the forthcoming Inter-American Development Bank Consultative Group Meeting on the regional aspects of the reconstruction and transformation of Central America. The meeting will be co-hosted by the Government of Spain and held in Madrid, in 2000, with the aim of creating new partnerships in favour of the goals of ALIDES. Hurricane Mitch did not modify the agenda for peace, democracy and sustainable development in Central America; instead, it drew the attention of the Central American countries and of the international community to the urgency of implementing the agenda as the best means of reducing vulnerability to future disasters.

20. In El Salvador and Guatemala, United Nations inter-agency coordination with Governments strives to ensure continuity and progress regarding ongoing implementation of the respective Peace Agreements, building upon the remarkable achievements of those peace processes. These negotiated political frameworks are important reference points for UNDP actions developed in accordance with the complementary goals established under ALIDES. In El Salvador, since June 1998, the Secretary-General has entrusted the UNDP with the responsibility to facilitate government implementation of pending peace agreement commitments in coordination with donors, and to collaborate in the development of a common United Nations political

and development approach to integrate the pending issues into a broader agenda oriented towards their successful completion (see A/53/315). In Guatemala, agreements on issues such as human rights, socio-economic matters, the strengthening of civil society, and the rights of indigenous peoples, are being implemented in accordance with a negotiated timetable with verification by the United Nations Verification Mission in Guatemala (MINUGUA). Detailed information on progress in the two peace processes is provided in separate reports to the General Assembly (see A/54/311 and A/54/355).

IV. Peace and democratic governance

A. Support for consensus-building processes

21. At the regional level, two key UNDP initiatives were concluded in 1999: the "State of the Region" project and the project "Support to Processes of Dialogue and Consensus-Building for the Consolidation of Peace in Central America". The two projects, along with the regional programme for Sustainable Human Development at the Local Level, constituted the backbone of UNDP support to ALIDES during 1998 and 1999.

22. Following two years of research, analysis and broad-based consultation, involving over 70 researchers and 300 participants, the "State of the Region" report was released by SICA in July 1999. It provides updated, reliable information on achievements in promoting sustainable human development throughout the Central American region during the post-conflict period, as a contribution to the informed participation of diverse members of civil society in the development process. In keeping with the participatory nature of the exercise, the final phase of the project will focus on dissemination and debate with respect to the report's findings, among Governments, civil society organizations, communities and the private sector.

23. Also coming to an end in 1999-2000, UNDP's regional initiative to support dialogue and consensus-building ("Project for Democratic Governance"), can claim achievements in the following areas:

(a) Advocacy and promotion of democratic governance and sustainable human development among different sectors of Central American society, including youth, ethnic groups and community leaders;

(b) Reflection and capacity-building on issues related to governance and human development, among Governments, civil society organizations and regional institutions. Quantitatively, this has been facilitated through public opinion polls and analysis, on issues that are subsequently addressed through workshops, focus groups, seminars and other learning opportunities;

(c) Participation and transparency, most recently in the preparation of national and regional reconstruction and transformation plans and also through the creation of an information system on international cooperation flows to Central America.

24. At the national level, UNDP in El Salvador, Guatemala and Nicaragua continues to promote the consolidation of peace and consensus-building around the difficult reforms needed to address the root causes of the Central American conflict. One means is the heightening of community awareness of the content of the Peace Agreements and strengthened local and civil society participation in the peace process (including the private sector and municipal governments). UNDP continues to undertake additional confidence-building measures, to rebuild trust and forge consensus among broad sectors of post-war society.

25. In El Salvador, Guatemala and Nicaragua, UNDP has usually played a central role in mobilizing external and internal resources for peace and in the coordination of United Nations and international assistance for peace processes. Simultaneously, it has worked alongside its partners within the United Nations system, especially the Department of Political Affairs of the Secretariat, to facilitate the formulation of coherent and coordinated positions on key issues related to the peace processes on behalf of the United Nations and the international community as a whole.

26. A particularly innovative aspect of the consensus-building activities has been the establishment of new forms of participatory governance for managing the implementation of the Peace Agreements. These governance mechanisms are very important because they give a voice to key affected parties in monitoring the fulfilment of the commitments in the Agreements and in ensuring that the root causes of the conflict are addressed in the process.

27. One example of such mechanisms in Guatemala is the Technical Commission for the Resettlement of Uprooted Populations. Representatives of the Government and of the affected populations participate in the Commission, which elaborates and endorses strategies and programmes to support resettlement. UNDP plays a facilitating role in the Commission. Other mechanisms include the Special Commission for Incorporation, in which the armed forces, the Government and the Unidad Revolucionaria Nacional Guatemalteca (URNG) worked side by side to oversee the

demobilization process and the various commissions set up to implement the Agreement on Identity and Rights of Indigenous Peoples (A/49/882-S/1995/256, annex), in which indigenous representatives participate alongside public sector officials.

28. The "State of the Region" report notes trends in human development which challenge the fragile consolidation of peace. Across the region, there are indications of a growing gap in human development between zones of relative affluence in the capitals and principal cities and the extreme poverty of marginalized rural and urban areas. There are related patterns of social inequality and exclusion between social groups, reflected in regional data on distribution of income and access to employment, health and education. Indigenous peoples, which represent 20 per cent of the Central American population (of which 80 per cent lives in Guatemala), and women, in particular, suffer high rates of socio-economic and political exclusion. The regional gender-related development index is only 60.3 in comparison with an overall human development index of 64.8, reflecting relative disadvantages faced by women in terms of human development. The Central American Governments must also contend with regional disparities between their countries in terms of human development, economic performance and their respective political and legal frameworks, all of which are obstacles to achieving integrated and sustainable arrangements for economic growth and stable political processes.

B. Strengthening of democratic institutions

29. At the regional level, the present phase of the UNDP/Government of Spain Trust Fund is drawing to a close, after promoting reform and institution building in the areas of justice, public defence, public security, decentralization and fiscal administration over the past four years throughout the region.

30. UNDP has reached out to other donors wishing to pursue common objectives in the strengthening of democratic institutions. In Guatemala and Honduras, the Government of Sweden has approved multi-year governance programmes with UNDP worth over US$ 50 million, aimed at supporting the creation and strengthening of new democratic institutions, including human rights institutions, the courts, public defenders' offices and other governmental and non-governmental institutions working for restoration of the rule of law, increased access to justice and respect for human rights.

31. In the context of peacemaking, peace-building and preventive activities, the importance of partnership has become increasingly evident. In Central America, UNDP is playing a central role in facilitating coordinated action by the international community. Key to this new concept of partnership is that, in a time of declining official development assistance and in the light of past failures, no donor can or should "go it alone".

32. One example of this new spirit of collaboration was the formation in Guatemala, even before the final Peace Agreement was signed, of a "Group of Four" donor body, in which the major international actors (United States, the European Union, UNDP (in representation of the United Nations operational system) and the Organization of American States (OAS) (later replaced by the Government of Spain)) worked formally and informally to agree upon common goals and strategies for demobilization, to allocate resources, to coordinate with MINUGUA and to serve as the counterpart to the national authorities.

33. With respect to the demobilization and the integration of ex-combatants, UNDP plays an important role in preventing or minimizing future social conflict by helping them to find alternative means of supporting themselves in a productive manner without resorting to violence. This is especially important in post-conflict societies such as El Salvador and Guatemala, where the demobilization of military forces has been linked to increased incidence of violent crime.

34. The demobilization of armed forces (including both official forces and civilian patrols) can leave a power vacuum in the countryside which, if not addressed, can develop into a situation of greater impunity in areas already accustomed to irregular application of the system of justice. UNDP has played a role in filling this vacuum, by accelerating the strengthening of the civilian police force and, in the case of Guatemala and Nicaragua, promoting pilot projects for the creation of judicial centres. These are "one-stop-shops" where citizens can have access to the police, the local judge and magistrates and legal assistance (including non-formal means of conflict resolution) in a single, highly visible spot.

C. Mine clearance

35. The OAS General Assembly adopted a resolution in June 1999 regarding the ongoing mine-clearing programme in Central America, in which it noted the setback to operations constituted by hurricane Mitch, and urged a redoubling of efforts. This objective had received renewed

support with OAS participation in the Joint Declaration on the Elimination of Anti-personnel Land Mines, signed in Managua by the Ministers for External Relations in the region on 12 and 13 April 1999.

V. Economic and social development

A. Sustainable human development at the local level

36. 1999 saw the finalization of the Programme for Sustainable Human Development at the Local Level. This regional UNDP programme aimed to give concrete expression to ALIDES and to the commitments undertaken by the Central American Governments, the United Nations system and the international community at the World Summit for Social Development, held in Copenhagen in March 1995, by promoting integrated strategies to combat poverty in areas of countries with the highest indexes of social and environmental degradation.

37. One of the main achievements of the programme was the elaboration and dissemination of strategies and guidelines for local development and investment aimed at combating poverty, promoting democracy and facilitating sustainable economic development with social equity. The methodologies developed by the programme are even more relevant now in the wake of hurricane Mitch, as a means of furthering the social transformation necessary to reduce human and environmental vulnerability to future disasters.

38. The programme succeeded, with technical support from the International Labour Organization, in strengthening the regional network of local economic development agencies and in promoting innovative decentralized cooperation agreements between communities in Italy with communities in Central America. The programme also promoted the financing by the Central American Bank for Economic Investment of the local development projects elaborated with the municipal planning and programme development methodologies promoted and systematized by the project.

B. Agricultural development

39. The Regional Unit of Technical Assistance for agricultural development continued operations on a wide variety of issues during the period under review. This UNDP-administered project is executed by the World Bank and financed by the World Bank/Government of Japan Trust Fund, the Inter-American Development Bank, the International Fund for Agricultural Development, the Inter-American Institute of Cooperation in Agriculture, the Food and Agriculture Organization of the United Nations and the Government of Norway, in addition to in-kind contributions from the participating countries. The project continues to provide Central American Governments with assistance in developing policies and programmes for the modernization of the agricultural sector. A mid-term evaluation of the project is currently taking place and will include a quantification of the return of investment in the Unit in terms of generating grant and loan resources for the participating countries.

40. During 1998 and 1999, the Unit has helped to develop national and regional policies in the areas of: rural development; trade policy; rural financial services; decentralization; and gender and indigenous issues.

41. It has assisted in the preparation and implementation of 19 projects in the areas of investment, regional rural development, land transfer, modernization of the agro-fisheries sector, rural financial services, natural resource management and the environment. It has also supported the implementation, revision and evaluation of some 30 agricultural projects now under way in the Central American countries.

42. The Unit has also focused on improving client responsiveness, promoting inter-agency cooperation and partnerships, increased dissemination of experiences and ensuring the sustainability of its cooperation activities in the long term.

C. Health and nutrition

43. The Pan American Health Organization/World Health Organization works through its country representatives to support the objectives of ALIDES in the health sector. During the period covered by the present report, it has prepared a Programme for Joint Negotiation for the Purchase of Medical Supplies, to be presented to the Central American Presidents during 1999. It has also supported the preparation and approval of the Central American Plan for Health and Environment in Sustainable Human Development, as well as INCAP's Plan for Food and Nutritional Security.

44. Within this food and nutritional security plan, PAHO/WHO is promoting mechanisms to ensure the enforcement of existing legislation, as well as the technical norms of the World Trade Organization with respect to food quality, processing, biological, toxicological and nutritional

protection and standards for industrial food products. Agreements have been made with respect to the standardization of laws and support from regional (i.e. Central American Parliament (PARLACEN)) and national legislative support. PAHO/WHO is also supporting an inventory of regional legislation with respect to health, as well as legal initiatives to prepare a proposal of Statutes of the Parliamentary Network for Health.

45. Together with ECLAC and the German Agency for Technical Cooperation (GTZ), at the request of SICA, PAHO/WHO has provided technical advice for the preparation of a proposal to restructure the Regional Commission for Potable Water, as part of the reorganization of SICA.

46. Finally, PAHO has approved a third phase of supporting the integration and development of ALIDES in the social sector, until 2001, and will continue to try to keep the issue of health high on the political agenda of the region.

D. Public finance and economic growth

47. The work plan of the ECLAC subregional headquarters in Mexico is closely linked to the Central America agenda. ECLAC supports the ALIDES priorities in the economic sphere, including improved access to developed country markets for Central American products, sustainable tourism development and increased private sector participation in development. ECLAC also supports the ALIDES objectives of increased investment, the development of financial strategies and the efficient distribution of public resources.

48. ECLAC is especially concerned with the development of human capital, through investment in education and health, above all, for the poor, as well as with the improvement of the regional electricity infrastructure.

49. ECLAC has undertaken studies to improve the participation of small enterprise in international markets, for the group of small economies within the Free Trade Area of the Americas. It has also disseminated a methodology for the analysis of international competitiveness and it has developed studies for the promotion of tourism services in Central America.

50. The Mexico Regional Suboffice has carried out pre-feasibility studies for a regional gas pipeline serving Mexico and the Central American isthmus linked to the strengthening of institutions and organizations of rural producers and the industrial assembly sector. It has also provided technical cooperation in the area of hydrocarbons. This assistance is geared towards promoting greater private sector participation in ALIDES.

51. With the objective of contributing to a new Fiscal Pact that would permit equilibrium in the public financial sector, ECLAC has analysed tax incentives for savings and investment in Central America and savings in the context of financial liberalization, and has discussed the findings with the Ministries of Finance in the region.

52. With respect to the development of human capital, ECLAC has undertaken work to examine the social effects of globalization in the rural economy, technology and poverty in Central America, as well as informal systems of social security. It has also analysed the links between gender and poverty in the region.

53. The integration of the electricity sector and the insertion in hydrocarbon market remain priority areas for ECLAC support and analysis.

54. At the request of the Central American Governments, ECLAC, with support from UNDP, evaluated the damages caused by hurricane Mitch in the affected countries.

55. Finally, in addition to the studies mentioned above, during the period under review, ECLAC produced reports on issues related to ALIDES, as follows: the reform of the institutional framework for Central American integration; liberalization of agricultural trade; transformation of the industrial sector; the productive use of family remittances; social infrastructure and natural disasters; convergence of large and small countries in the context of hemispheric integration; the international insertion of agricultural and fisheries products; and the evolution of manufacturing in Central America and the Dominican Republic.

E. Environment and sustainable development

Reduction of environmental vulnerability

56. The devastation caused by hurricane Mitch highlighted the need for more intensive efforts to reduce environmental vulnerability and to promote more sustainable development practices in the region. During January and February 1999, the Office for the Coordination of Humanitarian Affairs, UNDP, the United Nations Children's Fund (UNICEF) and WHO/PAHO undertook an inter-agency evaluation mission to analyse, along with Governments, donors, disaster managers and United Nations system partners, the actions taken during the emergency and to formulate guidelines to enhance preparedness for future emergencies. A group of

experts from UNDP, the United Nations Environment Programme (UNEP), ECLAC and PAHO/WHO have participated in an Inter-Agency Technical Committee providing technical assistance to the regional integration system (specifically, the Central American Commission on Environment and Development) for the purposes of (a) assessing environmental risk and vulnerability in the region; and (b) preparing a regional strategy for development along more sustainable and less vulnerable lines.

57. The results of the group's work was presented at the second Consultative Group Meeting for the Reconstruction and Transformation of Central America (see para. 5 above).

58. A panel of technical experts held during the Consultative Group Meeting, which included representatives from UNICEF and other United Nations organizations, suggested that reducing ecological and social vulnerability to natural hazard is a core regional development issue and that the primary responsibility for reducing vulnerability lies with sectoral institutions and with local communities.

Cooperation for the Meso-American Biological Corridor and the Central American Fund for Sustained Development

59. The framework for cooperation was established in ALIDES and follows the commitments undertaken at the United Nations Conference on Environment and Development, held in Rio de Janeiro, Brazil, in June 1992 and ratified by the heads of State and Government of the Americas in Santa Cruz de la Sierra, Bolivia, in November 1996, in follow-up to the first Summit Conference of the Americas on Sustainable Development, held in Miami, United States, in December 1994. The counterpart for cooperation activities has been and is the Central American Commission on Environment and Development (CCAD). UNDP cooperation is funded by its own resources and with resources from the Capacity 21 and GEF Trust Funds. GEF is co-managed by UNDP, the World Bank and UNEP. The Inter-American Development Bank, GTZ and the United States Agency for International Development are also key partners in this area.

60. It is estimated that between 6 and 12 per cent of the world's biodiversity is contained within the Meso-American region, which extends from Darién, in Colombia, to Tehuantepec, in Mexico. Efforts are being made to create a system of biological corridors to link the region, which is suffering from a rapid loss of its biodiversity, owing to deforestation, soil erosion, the destruction of maritime and coastal resources, pollution and hunting and illegal trade in wildlife. UNDP/GEF has assigned approximately US$ 25 million in seed capital to building this system and to creating a sustainable development fund.

61. The period under review has seen a shift in the concept of the creation and strengthening of a Meso-American Biological Corridor to include not only issues related to the protection of biodiversity, but also those related to the long-term sustainable development of the communities living in and around the corridor system. The Biological Corridor initiative is a central tool in regional efforts to change the development agenda in the wake of hurricane Mitch. Its innovative approach, which integrates the conservation of biological diversity, with the mitigation of the effects of climate change and the sustainable development of rural communities, should facilitate the creation of a network of protected areas and fragile zones throughout Central America, thus helping to reduce vulnerability to future disasters.

62. FOCADES is a private entity, created by the seven Governments of the region to facilitate the financing of the environmental component of ALIDES. By providing funds for a wide range of environmental initiatives, FOCADES will enable communities, private sector firms, non-governmental organizations and other interested groups to incorporate environmental aspects into their economic development activities. FOCADES will carry out investments in plans, programmes, projects and other activities that help to further the regional environmental objectives of ALIDES. These include management, conservation and use of natural resources and biodiversity, control and improvement of environmental quality and waste management, generation of renewable energies and energy efficiency, environmental training and joint implementation of global climate change initiatives.

63. UNDP/GEF seed resources will be matched by additional co-financing from the countries of the region and from bilateral and multilateral organizations directed towards the global FOCADES account or to specific thematic accounts.

64. Finally, UNDP is financing an initial study, in close cooperation with SICA/CCAD, to examine the feasibility of creating a programme to facilitate carbon sequestration activities in the region.

VI. Institutional aspects and management capacity

65. The devastation caused by hurricane Mitch has been converted by the Governments of the region and by SICA

into an opportunity to further strengthen relations of solidarity and support from the international community towards the objectives of ALIDES. Recent consultations between SICA and the United Nations have focused on launching a new phase of more intense collaboration, building upon previous experiences and including development of new national and regional initiatives with concrete outcomes and outputs in a number of areas, such as: the institutional strengthening of SICA and the promotion of Central American integration; reducing ecological vulnerability and mitigation of the effects of global climate change; decentralization and the strengthening of local power; civil society participation in reconstruction and transformation; human development reports; competitiveness and human development; disaster reduction; and strengthening of democratic governance.

66. Further consultations and preparatory activities will be undertaken in order to define institutional arrangements, evaluate current management capacities and to seek out a broad range of partnerships, both in the region and within the international community as a whole.